

INSURANCE AGENTS
CHAPTER 10
LICENSING OF INSURANCE PRODUCERS

DIVISION I
LICENSING OF INSURANCE PRODUCERS

191—10.1(522B) Purpose and authority.

10.1(1) The purpose of these rules is to set out the requirements, procedures and fees relating to the qualification, licensure and appointment of insurance producers.

10.1(2) These rules are authorized by Iowa Code section 505.8 and are intended to implement Iowa Code chapters 252J, 261 and 522B.

191—10.2(522B) Definitions.

“Amended license” means an insurance producer license that has had a line of authority added or deleted since the issue date of the prior insurance producer license.

“Appointment” means a notification filed with the division that an insurer has established an agency relationship with an insurance producer. A company filing such a request must verify that the producer is licensed for the appropriate line(s) of authority.

“Birth month” means the month in which an insurance producer was born.

“Business entity” means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity.

“CE” means continuing education.

“CE term” means the three-year-one-month period beginning the first date of the producer’s birth month and ending on the last day of the producer’s birth month in the renewal year.

“CSAC” means college student aid commission.

“CSRU” means child support recovery unit.

“Division” means the Iowa insurance division.

“Duplicate license” means an insurance producer license reissued due to name change, address change or loss of license.

“Home state” means the District of Columbia and any state or territory of the United States in which an insurance producer maintains the producer’s principal place of residence or principal place of business and is licensed to act as an insurance producer.

“Individual” means a private or natural person, as distinguished from a partnership, corporation or association.

“Insurance” means any of the lines of insurance listed in subrule 10.7(1).

“Insurance producer” means a person required to be licensed in this state to sell, solicit or negotiate insurance.

“Insurance producer license application form” means the form prescribed by the division to be used to apply for an insurance producer license.

“License” means the division’s authorization for a person to act as an insurance producer for the authorized lines of insurance.

“License information bulletin” means a brochure issued annually which describes the insurance license application and testing process and which can be obtained from the outside testing service on contract with the division.

“License number” means the National Insurance Producer Registry (NIPR) national producer number (NPN) issued to all licensees whose license records exist in the producer database.

“License term” means the three-year-one-month period of time beginning on the first day of the insurance producer’s birth month and ending on the last day of the insurance producer’s birth month in the renewal year.

“National Insurance Producer Registry” or *“NIPR”* means the nonprofit affiliate of the National Association of Insurance Commissioners (NAIC). The NIPR’s Web site is www.licenseregistry.com.

“*Negotiate*” means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract provided that the person engaged in that act either sells insurance or obtains insurance for purchasers.

“*NIPR Gateway*” means the communication network developed and operated by NIPR that links state insurance regulators with the entities they regulate to facilitate the electronic exchange of producer information regarding license applications, license renewals, appointments and terminations.

“*Nonresident*” means a person whose home state is not Iowa.

“*Notification*” means a written or electronic communication from an insurance producer to the division.

“*Person*” means an individual or a business entity.

“*Producer database*” or “*PDB*” means the national database of insurance producers maintained by the National Association of Insurance Commissioners (NAIC), its affiliates or subsidiaries.

“*Producer renewal notice*” means a written or electronic communication issued by the division to inform an insurance producer about license renewal.

“*Renewal year*” means the third year following the issuance or last renewal of an insurance producer license.

“*Resident*” means a person whose home state is Iowa.

“*Sell*” means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

“*Solicit*” or “*solicitation*” means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company.

“*Termination*” means that an insurer has ended its agency relationship with an insurance producer.

“*Termination for cause*” means that an insurer has ended its agency relationship with an insurance producer for one of the reasons set forth in Iowa Code section 522B.11.

“*Uniform application*” means the National Association of Insurance Commissioners’ uniform application for resident and nonresident insurance producer licensing, as it appears on the NAIC Web site.

“*Uniform business entity application*” means the National Association of Insurance Commissioners’ uniform business entity application for resident and nonresident business entities, as it appears on the NAIC Web site.

191—10.3(522B) Requirement to hold a license.

10.3(1) No person may sell, solicit or negotiate insurance in Iowa until that person has been issued an Iowa insurance producer license.

10.3(2) A person offering to the public, for a fee or commission, to engage in the business of offering any advice, counsel, opinion or service with respect to the benefits, advantages or disadvantages promised under any policy of insurance must be licensed as insurance producer.

10.3(3) A person shall not advise an Iowa resident to cancel, not renew, or otherwise change an existing insurance policy unless that person holds an Iowa insurance producer license regarding the line of insurance for which the advice is given. This subrule shall not apply to a licensed attorney or certified public accountant who does not sell or solicit insurance.

10.3(4) The license itself does not provide the producer with any authority to represent or commit an insurer.

191—10.4(522B) Licensing of resident producers.

10.4(1) A person whose home state is Iowa and who desires to be licensed as an insurance producer must satisfy the following requirements:

- a. Be at least 18 years of age,
- b. Have not committed any act that is grounds for denial under subrule 10.20(4),
- c. Submit a completed uniform application,
- d. Pass an examination in the line of authority sought, and

e. Pay the appropriate insurance producer license fee.

10.4(2) Examinations are conducted by the outside testing service on contract with the division. Applications and fees for examinations and for initial producer licensing will be submitted either to the outside testing service on contract with the division or as directed by the division. Instructions are available at the division's Web site: www.iid.state.ia.us.

10.4(3) An application is valid for 90 days after a properly completed application is received by the division or its designee. If an applicant does not pass the necessary examinations within 90 days, the application will expire and the license fee will not be returned.

10.4(4) Examination results are valid for 90 days after the date of the test. Failure to apply for licensure within 90 days after the examination is passed shall void the examination results.

10.4(5) Amendments to insurance producer licenses shall be done either by an outside vendor or by the division, as directed by the division. Any licensed insurance producer desiring to become licensed in an additional line of authority shall:

a. Submit a completed uniform application form through the NIPR Gateway or as directed by the division, specifying the line(s) of authority requested to be added. Instructions are available at the division's Web site: www.iid.state.ia.us; and

b. For each line of authority requested to be added, pass any required examination.

10.4(6) A producer who holds a personal lines authority (authority number 16) can obtain property and casualty lines of authority (authority numbers 21 and 22) upon successful completion of the commercial insurance subject examination.

10.4(7) To receive a license for an excess and surplus lines line of authority, the applicant must have successfully completed the examination for the excess and surplus lines line of authority (authority number 20) and also have successfully completed either: (1) the examinations for property and casualty lines of authority (authority numbers 21 and 22); or (2) the examination for personal line lines of authority (authority number 16) and the commercial insurance subject examination.

10.4(8) To receive a license for the variable products line of authority, the applicant must:

a. Hold an active Iowa insurance license with a life insurance line of authority;

b. Pass the Financial Industry Regulation Authority examinations necessary to obtain an Iowa securities license; and

c. File an application through the NIPR Gateway or as directed by the division to amend the license to add the variable products line of authority.

10.4(9) The division may require any documents reasonably necessary to verify the information contained in the application or to verify that the individual making application has the character and competency required to receive an insurance producer license.

191—10.5(522B) Licensing of nonresident producers.

10.5(1) A producer for whom Iowa is not the home state who desires to sell, solicit or negotiate insurance in Iowa must satisfy the following requirements to obtain an Iowa nonresident insurance producer license:

a. Be licensed and in good standing in the home state;

b. Submit a proper request for licensure to the division through the NIPR Gateway; and

c. Pay the appropriate fee.

10.5(2) Any licensed nonresident producer desiring to become licensed in an additional line of authority shall submit to the division using the NIPR Gateway a completed application form specifying the line(s) of authority requested to be added.

10.5(3) A license will not be issued to a nonresident producer if the producer's resident state does not issue licenses to Iowa resident producers applying for nonresident producer licenses in that state or if the producer's resident state restricts Iowa resident producers' nonresident activities in that state.

10.5(4) The division may require any documents reasonably necessary to verify the information contained in the application or to verify that the individual making application has the character and competency required to receive an insurance producer license.

191—10.6(522B) Issuance of license.

10.6(1) An insurance producer license shall remain in effect for a term of three years, unless revoked or suspended, and may be continually renewed as long as the proper fees are paid and home state continuing education requirements are met.

10.6(2) An individual insurance producer whose license has lapsed may seek reinstatement as set forth in rule 10.9(522B).

10.6(3) The license shall contain the producer's name, address, license number, date of issuance, date of expiration, the line(s) of authority held and any other information the division deems necessary. The license number shall be the same as the producer's National Insurance Producer Registry (NIPR) national producer number (NPN). Effective January 1, 2008, the division will not send a paper license to the insurance producer, but insurance producers may download and print licenses through the division's Web site: www.iid.state.ia.us.

10.6(4) If the division issues or renews a producer license and subsequently determines that payment for the license or renewal was returned to the division by a bank without payment, or that the credit card company does not approve or cancels or refuses amounts charged to the credit card, the license shall be immediately suspended until the payments are made and any fees or penalties charged by the division are paid, at which time the license may be reinstated. The individual may request a hearing within 30 days of receipt of notice by the division that the license was suspended.

191—10.7(522B) License lines of authority. The following lines of authority are available for issuance in Iowa:

<u>Number</u>	<u>Authority</u>
4	Crop
5	Surety
6	Accident and health (insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income)
7	Life (insurance coverage on human lives, including benefits of endowment, annuities, equity indexed products, may include benefits in event of death or dismemberment by accident and benefits for disability income)
9	Variable life/variable annuity products (insurance coverage provided under variable life insurance contracts and variable annuities)
16	Personal lines (fire, casualty and auto insurance sold to individuals or families)
18	Credit (offered in connection with an extension of credit to extinguish a credit obligation)
20	Excess and surplus lines (prerequisite is authority 21 and 22)
21	Property (coverage for the direct or consequential loss or damage to property of any kind)
22	Casualty (coverage against legal liability, including that for death, injury, or disability, or damage to real or personal property)
23	Reciprocal authority (any other line of insurance issued in another state and for which Iowa grants authority to sell, solicit or negotiate in this state)

191—10.8(522B) License renewal.

10.8(1) The division shall send a producer renewal notice to each licensed producer at the producer's last-known address as it appears in division records. If the division has received notification from the post office that the address of record is no longer valid, no renewal notice will be mailed.

10.8(2) Failure to renew a license and pay appropriate fees prior to the expiration date of the license will result in expiration of the license.

10.8(3) The division may deliver the producer renewal notice electronically. If delivered electronically, the notice will be sent to the last-known electronic mail address as provided by the insurance producer.

10.8(4) Resident insurance producer licenses may be renewed electronically through the division's Web site (www.iid.state.ia.us) or by mail.

10.8(5) Nonresident insurance producer licenses may be renewed only through the NIPR Gateway, or as otherwise directed by the division.

191—10.9(522B) License reinstatement.

10.9(1) A resident producer may reinstate an expired license up to 12 months after the license expiration date by proving that during the CE term the producer met the CE requirements found in 191—Chapter 11, and by paying a reinstatement fee and license renewal fees. A resident producer who fails to apply for license reinstatement within 12 months of the license expiration date must apply for a new license.

10.9(2) A nonresident producer may reinstate an expired license up to 12 months after the expiration date by submitting a request through the NIPR Gateway and by paying a reinstatement fee and license renewal fee. After the 12-month period, a nonresident producer must apply for a new license.

10.9(3) A producer who has surrendered a license for a nondisciplinary reason and stated an intent to exit the insurance business may file a request to reactivate the license. The request must be received at the division within 90 days of the date the license was placed on inactive status. The request will be granted if the former producer is otherwise eligible to receive the license. If the request is not received within 90 days, the producer must apply for a new license.

191—10.10(522B) Reinstatement or reissuance of a license after suspension, revocation or forfeiture in connection with disciplinary matters; and forfeiture in lieu of compliance.

10.10(1) The term "reinstatement" as used in this rule means the reinstatement of a suspended license. The term "reissuance" as used in this rule means the issuance of a new license following either the revocation of a license or the forfeiture of a license in connection with a disciplinary matter. This rule does not apply to the reinstatement of an expired license.

10.10(2) Any producer whose license has been revoked or suspended by order, or who forfeited a license in connection with a disciplinary matter, may apply to the commissioner for reinstatement or reissuance in accordance with the terms of the order of revocation or suspension or the order accepting the forfeiture.

a. All proceedings for reinstatement or reissuance shall be initiated by the applicant who shall file with the commissioner an application for reinstatement or reissuance of a license.

b. An application for reinstatement or reissuance shall allege facts which, if established, will be sufficient to enable the commissioner to determine that the basis of revocation, suspension or forfeiture of the applicant's license no longer exists and that it will be in the public interest for the application to be granted. The burden of proof to establish such facts shall be on the applicant.

c. A producer may request reinstatement of a suspended license prior to the end of the suspension term.

d. Unless otherwise provided by law, if the order of revocation or suspension did not establish terms upon which reinstatement or reissuance may occur, or if the license was forfeited, an initial application for reinstatement or reissuance may not be made until at least one year has elapsed from the date of the order of the suspension (notwithstanding paragraph 10.10(2) "c"), revocation, or acceptance of the forfeiture of a license.

10.10(3) All proceedings upon the application for reinstatement or reissuance, including matters preliminary and ancillary thereto, shall be held in accordance with Iowa Code chapter 17A. Such application shall be docketed in the original case in which the original license was suspended, revoked, or forfeited, if a case exists.

10.10(4) An order of reinstatement or reissuance shall be based upon a written decision which incorporates findings of fact and conclusions of law. An order granting an application for reinstatement

or reissuance may impose such terms and conditions as the commissioner or the commissioner's designee deems desirable, which may include one or more of the types of disciplinary sanctions provided by Iowa Code section 522B.11. The order shall be a public record, available to the public, and may be disseminated in accordance with Iowa Code chapter 22.

10.10(5) A request for voluntary forfeiture of a license shall be made in writing to the commissioner. Forfeiture of a license is effective upon submission of the request unless a contested case proceeding is pending at the time the request is submitted. If a contested case proceeding is pending at the time of the request, the forfeiture becomes effective when and upon such conditions as required by order of the commissioner. A forfeiture made during the pendency of a contested case proceeding is considered disciplinary action and shall be published in the same manner as is applicable to any other form of disciplinary order.

10.10(6) A license may be voluntarily forfeited in lieu of compliance with an order of the commissioner or the commissioner's designee with the written consent of the commissioner. The forfeiture becomes effective when and upon such conditions as required by order of the commissioner, which may include one or more of the types of disciplinary sanctions provided by Iowa Code section 522B.11.

10.10(7) When a producer's license has been suspended for a period of time which extends beyond the producer's license expiration date, the license will terminate at the license expiration date, and the producer must request reinstatement pursuant to subrule 10.10(2). If suspension for a period of time ends prior to the producer's license expiration date, the division shall reinstate the license at the end of the suspension period. The commissioner is not prohibited from bringing an additional immediate action if the producer has engaged in misconduct during the period of suspension.

191—10.11(522B) Temporary licenses. An Iowa resident may apply for a temporary license pursuant to Iowa Code section 522B.10. The applicant should submit a written request to the division which includes the reason for the request and the length of time for which the temporary license is requested. Temporary licenses will be issued for 90 days, with extensions allowed, but in no event for longer than 180 days, pursuant to Iowa Code section 522B.10.

191—10.12(522B) Change in name, address or state of residence.

10.12(1) If a producer's name is changed, the producer must file notification with the division within 30 days of the name change. The notification must include the producer's:

- a. Prior name;
- b. License number; and
- c. New name.

Notification may be filed via electronic mail to producer.licensing@iid.state.ia.us, or through the NIPR Gateway, if available.

10.12(2) Address change. If a resident or nonresident producer's address is changed, the producer must file notification with the division within 30 days of the address change. The notification must include the producer's:

- a. Name;
- b. License number;
- c. Previous address; and
- d. New address. A producer may designate a business address instead of a resident address at the option of the producer.

Notification may be filed via electronic mail to producer.licensing@iid.state.ia.us, or through the NIPR Gateway, if available.

10.12(3) A nonresident insurance producer who moves from one state to another state or an Iowa resident producer who moves to another state and wishes to retain an Iowa insurance producer license must file a change of address with the division and provide a certification from the new resident state within 30 days of the change of legal residence. No fee or license application is required. If the new resident state is actively participating in the producer database, a letter of certification is not required.

A nonresident licensed insurance producer who moves to Iowa and wishes to retain the nonresident's insurance license must file a change of address with the division within 90 days of the change of legal residence.

10.12(4) Issuance of an Iowa nonresident insurance producer license is contingent on proper licensure in the nonresident insurance producer's home state. Termination of the producer's resident license will be deemed termination of the Iowa nonresident insurance producer license unless the producer timely files a change of address pursuant to this rule.

10.12(5) If a producer has provided an E-mail address to the division, the division has the option to send information to the producer through the E-mail address rather than through the mail.

191—10.13(522B) Reporting of actions.

10.13(1) A producer shall report to the division any actions required to be reported by Iowa Code section 522B.16.

10.13(2) A producer shall report to the division all CSAC or CSRU actions taken under or in connection with Iowa Code chapter 261 or 252J and all court orders entered in such actions.

10.13(3) Failure to file reports required by this rule is a violation of this chapter and will subject producers to penalty pursuant to rule 191—10.20(522B).

191—10.14(522B) Commissions and referral fees.

10.14(1) An insurance company shall not pay, and a person shall not accept, any commission, service fee, brokerage or other valuable consideration unless the person performing the service held a valid license for the line of insurance for which the service was rendered at the time the service was performed.

10.14(2) A producer may assign commissions to an entity organized for the purpose of operating that producer's insurance business if all of the entity's representatives who personally sell, solicit or negotiate insurance in Iowa are individually licensed as producers under Iowa law.

10.14(3) An insurer or a producer may pay a nominal fee for referrals if the same fee is paid for each referral whether or not the referral results in an insurance transaction.

10.14(4) An insurer or a producer may not charge an additional fee for services that are customarily associated with the sale, solicitation, negotiation and servicing of an insurance policy. This prohibition does not apply to assigned risk and commercial property/casualty policies. Any fees or other charges that are assessed to an insurance consumer must be fully disclosed.

10.14(5) A person who is not engaged in any activities in Iowa that require an insurance producer license in Iowa is not required to maintain an active insurance producer license in order to receive override or hierarchy commissions or to receive renewal commissions earned while the producer was actively engaged in activities that required an insurance producer license.

191—10.15(522B) Appointments.

10.15(1) Insurers are required to file appointments with the division for each insurance producer with which the producer has an agency relationship. The determination of whether an insurer and an insurance producer have an agency relationship will be made by the division based on the totality of the circumstances surrounding the business relationship. Appointments are not issued for business entities.

10.15(2) Appointments must be filed using the NIPR Gateway, except that insurers authorized under Iowa Code chapter 518 or 518A shall file appointments directly with the division by arrangement with the division.

10.15(3) The notice of appointment must be filed within 30 days of the date the insurer and producer execute an agency contract or the first insurance application is submitted to the insurer.

10.15(4) Appointment fees are set forth in rule 10.24(522B). A billing statement will be submitted to insurance companies on a monthly basis and payment is due within 45 days. The division will assess a late fee for the failure to timely pay appointment billing statements of \$100 on the forty-sixth day, an additional \$100 on the sixtieth day, and an additional \$100 each day thereafter.

10.15(5) The division may adopt special appointment filing procedures to allow an insurer to file one appointment request that will appoint a producer to some or all of the affiliated insurance companies that comprise a holding company.

10.15(6) When a company loses its identity in a new company by merger, acquisition, or otherwise, the new company must contact the licensing bureau to arrange for reappointment of the producers to the remaining company.

191—10.16(522B) Appointment renewal.

10.16(1) On or about December 1 of each year, the division shall send reminders to insurance companies that appointment renewals are imminent. Such reminders may be delivered electronically.

10.16(2) On or about January 2 of each year, the division shall provide a list of the producers currently appointed with each insurance company and a billing statement. The billing statement may not be altered, amended or used for appointing or terminating producers.

10.16(3) Payment is due at the division on or before March 1 and must include the billing statement.

10.16(4) Failure to pay renewal appointment fees by March 15 will result in termination of a company's appointments. Appointments that are terminated due to nonpayment of renewal fees may be reinstated upon payment of the renewal fee plus a reinstatement fee which is equal to the renewal fee.

10.16(5) Renewal lists and billing statements are delivered to insurers by electronic means which may include a system administered by the National Association of Insurance Commissioners or its affiliates or subsidiaries. By special arrangement with the division, insurers may complete the appointment renewal process electronically. This may include a system administered by the National Association of Insurance Commissioners or its affiliates or subsidiaries.

191—10.17(522B) Appointment terminations.

10.17(1) When an insurance company terminates its relationship with a producer, the company shall notify the division using the NIPR Gateway. The termination must be filed within 30 days of the date the insurer terminated its agency relationship with the producer. The company shall also notify the producer that the producer's appointment has been canceled.

10.17(2) There is no fee for the filing of an appointment termination.

10.17(3) The division may adopt special procedures for the filing of termination requests for a group of affiliated insurance companies that comprise a holding company.

10.17(4) When an insurer terminates an appointment for cause pursuant to Iowa Code section 522B.14, the notification of termination may be filed according to subrule 10.17(1). The supporting documents required by Iowa Code section 522B.14 shall be submitted to the division within ten days of the filing of the notification. The documents shall include a certification by an officer or authorized representative of the insurer.

191—10.18(522B) Licensing of a business entity.

10.18(1) Application. A business entity may apply for an Iowa insurance license. For purposes of this rule, upon approval of an application by the division, the business entity shall be classified as a producer and shall be subject to all standards of conduct and reporting requirements applicable to producers.

10.18(2) Requirements.

a. To qualify for such a license, the business entity must:

(1) File a completed NAIC uniform business entity application through the NIPR Gateway or as directed by the division;

(2) Designate one officer, owner, partner, or member of the business entity, which person also is a producer licensed by the division, as the person who will have full responsibility for the conduct of all business transactions of the business entity or of insurance producers affiliated with the business entity;

(3) For a nonresident business entity, submit an appropriate request through the NIPR Gateway; and

(4) Pay the license fee.

b. The designated responsible producer shall maintain an active Iowa insurance producer license. If the license of the designated responsible producer terminates or lapses for any reason, the business entity must supply the division with a substitute designated responsible producer within ten days. If the business entity does not provide a substitute, the division shall terminate the license, and the entity shall submit a new application.

10.18(3) *License term.* A business entity license issued under this rule shall be effective for three years and one month, including the year of application, beginning on the first day of the month of the business entity's formation date and ending with the last day of the month of the business entity's formation date. By arrangement with the division, a business entity may choose a different month for its license term.

10.18(4) *License renewal.* The division shall mail a renewal notice to the address of the business entity on file with the division on or before the first day of the month preceding the renewal month. The renewal notice and renewal fee must be received by the division on or before the license expiration date. By arrangement with the division, renewal notices may be issued and submitted electronically. All nonresident business entities must renew their licenses through the NIPR Gateway or as otherwise directed by the division.

10.18(5) *Business address.* Business entities licensed under this rule must maintain a current business address with the division. If a business entity's address is changed, notification from the designated responsible producer must be submitted to the division within 30 days of the address change, stating:

- a.* Name of the business entity;
- b.* License number;
- c.* Previous address; and
- d.* New address.

The notification may be sent by electronic mail to producer.licensing@iid.state.ia.us, or through the NIPR Gateway, if available.

10.18(6) *Business name.* A business entity licensed under this rule must keep the division informed of its business name. If a business entity changes the name under which it is operating, notification from the designated responsible producer must be submitted to the division within 30 days of the name change. The notification may be sent by electronic mail to producer.licensing@iid.state.ia.us, or through the NIPR Gateway, if available.

191—10.19(522B) Violations and penalties.

10.19(1) A producer who sells, solicits or negotiates insurance, directly or indirectly, in violation of this chapter shall be deemed to be in violation of Iowa Code section 522B.2 and subject to the penalties provided in Iowa Code section 522B.17.

10.19(2) A person who sells, solicits or negotiates insurance, directly or indirectly, who is not properly licensed as a producer is subject to the penalties provided in Iowa Code chapter 507A and Iowa Code section 522B.17.

10.19(3) Any company or company representative who aids and abets a producer in the above-described violation shall be deemed to be in violation of Iowa Code section 522B.2 and subject to the penalties provided in Iowa Code section 522B.17.

10.19(4) The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a producer's license or may levy a civil penalty, in accordance with Iowa Code section 522B.17 or any combination of actions, for any action listed in Iowa Code section 522B.11 and any one or more of the following causes:

a. Submitting to the division or to the outside testing service on contract with the division a check which is returned to the division by a bank without payment, or submitting a payment to the division by credit card which the credit card company does not approve, or canceling or refusing amounts charged to a credit card by the outside testing service on contract with the division where services were received by the producer;

b. Failing to report any administrative action or criminal prosecution taken against the producer or failure to report the termination of a resident insurance producer license;

c. Acting as an insurance producer through persons not licensed as insurance producers; or

d. Taking any action to circumvent the spirit of these rules and the Iowa insurance statutes or any other action that shows noncompliance with the requirements of Iowa Code chapter 522B or these rules.

10.19(5) In the event that the division denies a request to renew an insurance producer license or denies an application for an insurance producer license, the commissioner shall provide written notification to the producer or applicant of the denial or failure to renew, including the reason therefor. The producer or applicant may request a hearing within 30 days of receipt of the notice to determine the reasonableness of the division's action. The hearing shall be held within 30 days of the date of the receipt of the written demand by the applicant and shall be held pursuant to 191—Chapter 3.

10.19(6) The commissioner may suspend, revoke, or refuse to issue the license of a business entity if the commissioner finds, after hearing, that an individual licensee's violation was known or should have been known by one or more of the partners, officers or managers acting on behalf of the entity and the violation was neither reported to the insurance division nor was corrective action taken.

191—10.20(252J) Suspension for failure to pay child support.

10.20(1) Upon receipt of a certificate of noncompliance from the child support recovery unit (CSRU), the commissioner shall issue a notice to the producer that the producer's pending application for licensure, pending request for renewal, or current license will be suspended 30 days after the date of the notice. Notice shall be sent to the producer's last-known address by regular mail.

10.20(2) The notice shall contain the following items:

a. A statement that the commissioner intends to suspend the producer's application, request for renewal or current insurance license in 30 days;

b. A statement that the producer must contact the CSRU to request a withdrawal of the certificate of noncompliance;

c. A statement that the producer's application, request for renewal or current license will be suspended if the certificate of noncompliance is not withdrawn;

d. A statement that the producer does not have a right to a hearing before the division, but that the producer may file an application for a hearing in district court pursuant to Iowa Code section 252J.9;

e. A statement that the filing of an application with the district court will stay the proceedings of the division;

f. A copy of the certificate of noncompliance.

10.20(3) The filing of an application for hearing with the district court will stay all suspension proceedings until the division is notified by the district court of the resolution of the application.

10.20(4) If the division does not receive a withdrawal of the certificate of noncompliance from the CSRU or a notice from a clerk of court that an application for hearing has been filed, the division shall suspend the producer's application, request for renewal or current license 30 days after the notice is issued.

10.20(5) Upon receipt of a withdrawal of the certificate of noncompliance from the CSRU, suspension proceedings shall halt and the named producer shall be notified that the proceedings have been halted. If the producer's license has already been suspended, the license shall be reinstated if the producer is otherwise in compliance with division rules. All fees required for license renewal or license reinstatement must be paid by producers and all continuing education requirements must be met before an insurance producer license will be renewed or reinstated after a license suspension or revocation pursuant to this subrule.

191—10.21(261) Suspension for failure to pay student loan.

10.21(1) The division shall deny the issuance or renewal of an insurance producer license upon receipt of a certificate of noncompliance from the college student aid commission (CSAC) according to the procedures set forth in Iowa Code sections 261.126 and 261.127. In addition to the procedures contained in those sections, this rule shall apply.

10.21(2) Upon receipt of a certificate of noncompliance from the CSAC according to the procedures set forth in Iowa Code sections 261.126 and 261.127, the commissioner shall issue a notice to the producer that the producer's pending application for licensure, pending request for renewal, or current license will be suspended 30 days after the date of the notice. Notice shall be sent to the producer's last-known address by restricted certified mail, return receipt requested, or by personal service in accordance with the Iowa Rules of Civil Procedure. Alternatively, the applicant or licensed producer may accept service personally or through authorized counsel.

10.21(3) The notice shall contain the following items:

a. A statement that the commissioner intends to suspend the producer's application, request for renewal or current insurance license in 60 days;

b. A statement that the producer must contact the CSAC to request a withdrawal of the certificate of noncompliance;

c. A statement that the producer's application, request for renewal or current insurance producer license will be suspended if the certificate of noncompliance is not withdrawn or, if the current license is on suspension, a statement that the producer's current insurance producer license will be revoked;

d. A statement that the producer does not have a right to a hearing before the division, but that the producer may file an application for a hearing in district court pursuant to Iowa Code section 261.127;

e. A statement that the filing of an application with the district court will stay the proceedings of the division;

f. A copy of the certificate of noncompliance.

10.21(4) The effective date of revocation or suspension of an insurance producer license, as specified in the notice required by Iowa Code section 261.126, shall be 60 days following service of the notice upon the applicant or registrant.

10.21(5) In the event an applicant or licensed producer timely files a district court action following service of a division notice pursuant to Iowa Code section 261.127, the division's suspension proceedings will be stayed until the division is notified by the district court of the resolution of the application. Upon receipt of a court order lifting the stay, or otherwise directing the division to proceed, the division shall continue with the intended action described in the notice. For purposes of determining the effective date of the denial of the issuance or renewal of an insurance producer license, the division shall count the number of days before the action was filed and the number of days after the court disposed of the action.

10.21(6) If the division does not receive a withdrawal of the certificate of noncompliance from the CSAC or a notice from a clerk of court that an application for hearing has been filed, the division shall suspend the producer's application, request for renewal or current insurance producer license 60 days after the notice is issued.

10.21(7) Upon receipt of a withdrawal of the certificate of noncompliance from the CSAC, suspension proceedings shall halt and the named producer shall be notified that the proceedings have been halted. If the producer's insurance license has already been suspended, the license shall be reinstated if the producer is otherwise in compliance with division rules. All fees required for license renewal or license reinstatement must be paid by producers and all continuing education requirements must be met before an insurance producer license will be renewed or reinstated after a license suspension or revocation pursuant to Iowa Code section 261.126.

10.21(8) The division shall notify the producer in writing through regular first-class mail, or such other means as the division deems appropriate in the circumstances, within ten days of the effective date of the suspension or revocation of an insurance producer license, and shall similarly notify the producer when the insurance producer license is reinstated following the division's receipt of a withdrawal of the certificate of noncompliance.

10.21(9) Notwithstanding any statutory confidentiality provision, the division may share information with the CSAC for the sole purpose of identifying producers subject to enforcement under Iowa Code chapter 261.

191—10.22(522B) Administration of examinations.

10.22(1) The division will enter into a contractual relationship with an outside testing service, in compliance with Iowa law, to provide the licensing examinations for all lines of authority which require an examination.

10.22(2) The outside testing service will administer all examinations for license applicants.

10.22(3) Any contract to implement subrule 10.22(1) shall require the outside testing service to:

- a. Update, on a continual basis, the licensing examinations;
- b. Ensure that the examinations are job-related;
- c. Adequately inform the applicants of the procedures and requirements for taking the licensing examinations;
- d. Prepare and administer examinations for all lines listed in rule 191—10.7(522B), except variable contracts; and
- e. Conform to division guidelines and Iowa law, and report to the division on at least a quarterly basis.

191—10.23(522B) Forms. An original of each form necessary for the producer's licensure, appointment and termination may be downloaded from the NAIC Web site, and the division's Web site (www.iid.state.ia.us) will provide a link to that site. Exact, readable, high-quality copies may be made therefrom. A self-addressed, stamped envelope must be submitted with each request.

191—10.24(522B) Fees.

10.24(1) Fees may be paid by check or credit card.

10.24(2) The fee for an examination shall be set by the outside testing service under contract with the division and approved by the division.

10.24(3) The fee for issuance or renewal of an insurance producer license is \$50 for three years.

10.24(4) The fee for issuance or renewal of a business entity license is \$50 for three years.

10.24(5) The fee for reinstatement of an insurance producer license is a total of the renewal fee plus \$100.

10.24(6) The fee for an appointment or the renewal of an appointment is \$5 for each producer appointed to a domestic company. The fee for appointment or renewal of each producer appointed to a foreign company is the fee charged by the state of domicile.

10.24(7) The division may charge a reasonable fee for the compilation and production of producer licensing records.

191—10.25(522B) Insurer duties regarding federal flood insurance. An insurer authorized to do business in Iowa shall demonstrate to the division, upon the division's request, that producers appointed by the insurer have complied with all continuing education guidelines as established by the National Flood Insurance Program (NFIP).

These rules are intended to implement Iowa Code chapters 252J, 261, and 522B.

191—10.26 to 10.50 Reserved.

DIVISION II
LICENSING OF CAR RENTAL COMPANIES AND EMPLOYEES

(Effective March 15, 2000)

191—10.51(522A) Purpose. The purpose of these rules is to govern the qualifications and procedures for the licensing of car rental companies and counter employees and to set out the requirements, procedures and fees relating to the qualification and licensure of car rental companies and counter employees.

191—10.52(522A) Definitions.

“*Counter employee*” means a person at least 18 years of age employed by a rental company that offers the products described in this chapter.

“*Counter Employee Application*” means the form used by an individual to apply for a counter employee license.

“*Division*” means the Iowa insurance division.

“*Filed*” means received at the Iowa insurance division.

“*Limited Licensee Application*” means the form used by a rental company to apply for a limited license.

“*Rental company*” means any person or entity in the business of primarily providing vehicles intended for the private transportation of passengers to the public under a rental agreement for a period not to exceed 90 days.

“*Vehicle*” means a motor vehicle under Iowa Code section 321.1 used for the private transportation of passengers, including passenger vans, minivans and sport utility vehicles or used for the transportation of cargo with a gross vehicle weight of less than 26,001 pounds and not requiring the operator to possess a commercial driver’s license, including cargo vans, pickup trucks and trucks.

191—10.53(522A) Requirement to hold a license.

10.53(1) A rental company that desires to offer or sell insurance in connection with the rental of a vehicle must file an application with the division and receive a license as a limited licensee.

10.53(2) A counter employee who desires to offer or sell insurance products must file an application with the division and receive a license as a counter employee.

191—10.54(522A) Limited licensee application process.

10.54(1) To obtain a limited licensee license, a person or entity must file a complete limited licensee license application with the division and pay a fee of \$50 for a three-year license.

10.54(2) If the application is approved, the division will issue a limited licensee license.

191—10.55(522A) Counter employee licenses.

10.55(1) A person may not obtain a counter employee license unless that person is employed by a limited licensee.

10.55(2) To obtain a counter employee license, a person must file with the division a completed counter employee license application.

10.55(3) All persons who desire to obtain a counter employee license must first successfully complete an examination.

10.55(4) Examinations shall be administered by the limited licensee that employs the counter employee.

10.55(5) If the application is approved, the division will issue a three-year counter employee license. Applications are deemed approved if not disapproved by the division within 30 days of receipt at the division.

10.55(6) The counter employee license will automatically terminate when the counter employee ceases employment with a limited licensee.

191—10.56(522A) Duties of limited licensees.

10.56(1) A limited licensee is responsible for the training, examination and payment of license fees for all persons who desire to obtain a counter employee license with the limited licensee.

10.56(2) A limited licensee must obtain and administer an examination for all counter employee candidates. The content of the examination and the manner of its administration must be approved by the division.

10.56(3) The limited licensee must develop a system for examination content security.

10.56(4) The limited licensee must administer the counter employee examination under controlled conditions, approved by the division, that ensure that each candidate completes the examination without outside assistance or interference.

10.56(5) The limited licensee must notify the division of the termination of employment of any of its licensed counter employees. The limited licensee must file reports of terminations semiannually on July 1 and on January 1.

191—10.57(522A) License renewal.

10.57(1) All limited licensee and counter employee licenses will be issued with an expiration date of December 31 and must be renewed triennially.

10.57(2) A single renewal form for use in renewing the limited licensee's license and the licenses of all of its counter employees will be mailed to the limited licensee at its last-known address as shown on division records.

10.57(3) The limited licensee must complete and return the renewal form to the division on or before December 31 of the renewal year or all licenses listed on the renewal form will expire.

10.57(4) The fee for renewal of a limited licensee license is \$50 and the fee to renew each individual counter employee license is \$50.

191—10.58(522A) Limitation on fees. A limited licensee will not be required to pay more than \$1,000 in license or renewal fees in any one calendar year.

191—10.59(522A) Change in name or address.

10.59(1) Limited licensees must file written notification with the division of a change in name or address within 30 days of the change. This requirement applies to any change in any locations at which the limited licensee is doing business.

10.59(2) Limited licensees must file written notification with the division of a change in name or address of licensed counter employees. If the change of name is by a court order, a copy of the order must be included with the request. The limited licensee must file reports of name and address changes semiannually on July 1 and on January 1.

191—10.60(522A) Violations and penalties.

10.60(1) A rental company or counter employee that sells insurance in violation of this chapter shall be deemed to be in violation of Iowa Code Supplement chapter 522A and subject to the penalties provided in Iowa Code Supplement section 522A.3.

10.60(2) A limited licensee or licensed counter employee who commits an unfair or deceptive trade practice in violation of Iowa Code chapter 507B, or in violation of administrative rules adopted which implement that chapter, is subject to the penalties provided for in Iowa Code chapter 507B.

Rules 10.51(522A) to 10.60(522A) are intended to implement Iowa Code Supplement chapter 522A.

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